

Senate Bill No. 86

Passed the Senate August 21, 2007

Secretary of the Senate

Passed the Assembly July 20, 2007

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2007, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Sections 1501.5, 1531, 1532, 1563, and 1565 of, and to add Section 1531.5 to, the Code of Civil Procedure, to amend Section 298 of the Family Code, to repeal Sections 12795.5 and 12795.6 of the Food and Agricultural Code, to amend Sections 12439, 17555, 17557, 17560, 17561, 17561.5, 17562, 17567, 17568, 17612, 19822.3, and 22910 of, to add Sections 13310, 15814.45, and 22910.5 to, and to repeal Section 17570 of, the Government Code, to amend Section 25297.3 of, and to add Sections 53545.12, 53545.13, and 53545.14 to, the Health and Safety Code, to amend Sections 7314, 7350, 7352, 7904, and 7929 of, and to amend and repeal Section 7929.5 of, the Labor Code, and to amend Section 13823.17 of the Penal Code, relating to state government, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 86, Committee on Budget and Fiscal Review. State government.

(1) Existing law, the Unclaimed Property Law, governs the disposition of unclaimed property, including the escheat of certain property to the state. Those provisions require a person holding funds or other property escheated to the state to report to the Controller certain information regarding the property and the owner, and set forth procedures whereby a person may file a claim to the property or to the net proceeds from its sale. Those provisions also specify the procedures for transferring the property from the holder of the property to the state and for administering the property.

This bill would modify the procedures governing the disposition of unclaimed property. The bill would provide that, within 165 days after the final date for filing the report described above, the Controller shall mail a notice, as specified, to each person having an address listed in the report who appears to be entitled to property of the value of \$50 or more escheated under these provisions. It would require the Controller to establish and conduct a notification program designed to inform owners about the possible existence

of unclaimed property received pursuant to these provisions. The bill would make specified changes regarding the duties of a holder of property that has escheated and the duties of the Controller after receiving the property, including a requirement that the Controller retain the property for 18 months from specified dates. The bill would make other related changes.

(2) Existing law establishes the Agricultural Pest Control Research Account in the Department of Food and Agriculture Fund.

This bill would abolish that account as of June 30, 2007, or upon enactment of the bill, whichever is later, and would transfer any remaining funds and encumbrances to the Transportation Planning and Development Account in the State Transportation Fund.

(3) Existing law requires that any state position that is vacant for 6 consecutive monthly pay periods be abolished by the Controller on the following July 1, subject to specified conditions.

This bill would, from July 1, 2007, to June 30, 2010, inclusive, and notwithstanding the above provisions, require any state position that is vacant for 12 consecutive monthly pay periods to be abolished by the Controller on the following July 1, subject to these specified conditions.

(4) Existing law vests the Department of Finance with general powers of supervision over all matters concerning the financial and business policies of the state.

This bill would state the intent of the Legislature that the department set statewide fiscal and accounting policies and procedures and provide any state agency that handles public moneys or its equivalent with training, advice, and consulting services. The bill would also authorize the Director of Finance, to the extent authorized under the annual Budget Act, to assess specified funds to support the department's training, advice, and consulting services to state agencies.

(5) Existing law requires that new public buildings be models of energy efficiency and be designed, constructed, and equipped with energy efficiency measures, materials, and devices, subject to specified criteria, and that existing buildings be retrofitted to meet specified standards when renovated or remodeled. In addition, certain executive orders require state agencies to implement certain energy and resource efficiency standards in this regard.

This bill would require any building the state intends to occupy, for which construction commences on and after January 1, 2009, and any renovation to a building the state intends to occupy that commences on or after that date, to be designed, constructed, and operated, to meet, at a minimum, the applicable standards described in the United States Green Building Council's Leadership in Energy and Environmental Design silver rating.

The bill would also require any building lease, for which the state is the sole tenant, entered into on or after January 1, 2009, that requires major renovation or the construction of a new building on or after that date, to be designed, constructed, and operated, to meet, at a minimum, the standards described in the United States Green Building Council's Leadership in Energy and Environmental Design silver rating.

(6) Existing law establishes a procedure for local governmental agencies to file claims for reimbursement of specified costs associated with state-mandated local programs with the Commission on State Mandates, and sets forth the procedure for a determination by the commission for eligibility for reimbursement, appropriation and payment of claims, including payment pursuant to the enactment of a local government claims bill, the establishment of interest accrued on claims, and the review of state mandates by the Legislative Analyst generally.

This bill would revise these procedures, including certain associated deadlines, and delete the provisions governing the local government claims bill, instead requiring payment to be made in the annual Budget Act according to specified criteria.

(7) Under existing law, policy, and bargaining agreements, the state reimburses employees for all necessary and actual expenses they incur when they travel on official state business. The Controller's office has established the California Automated Travel Expense Reimbursement System (CalATERS) for processing travel claims for participating state agencies. Existing law requires all state agencies to implement and use that system to automate the processing of employee travel claims by July 1, 2009, unless the Controller recommends, and the Department of Finance approves, an exemption request, as specified.

This bill would provide that payments for the services of the Controller in implementing these provisions shall be made by direct transfer, as specified.

(8) The Public Employees' Medical and Hospital Care Act requires the Board of Administration of the Public Employees' Retirement System to approve health benefit plans for certain public employees and annuitants, and authorizes the board to contract with carriers offering health benefit plans. That law creates in the State Treasury the Public Employees' Contingency Reserve Fund, and within that fund, requires an account to be maintained to defray increases in future rates, reduce contributions of employees, annuitants, and employers, implement cost containment programs, and increase the benefits related to these health benefit plans, as specified. Existing federal law provides for Medicare Part D, the voluntary federal program for prescription drug reimbursement coverage.

This bill would provide that the Board of Administration of the Public Employees' Retirement System is designated, for the purposes of federal law, as the sponsor of a qualified retiree prescription drug plan for a state or contracting agency plan, or related plan, or an individual if the Public Employees' Retirement System applies for a retiree drug subsidy, as defined, related to that plan or individual and the system meets the definition of plan sponsor under federal law, as specified. The bill would provide that any funds attributable to a retiree drug subsidy for a contracting agency plan, local annuitant, or local employee, as defined, shall be deposited in the Public Employees' Contingency Reserve Fund, a continuously appropriated fund. By increasing contributions to a continuously appropriated fund, the bill would make an appropriation.

This bill would also provide that there is in the Public Employees' Contingency Reserve Fund the Account for Retiree Drug Subsidy Payments. The bill would provide that funds in this account shall be appropriated by the Legislature for reducing the contributions by the state and state annuitants for health benefits that include prescription drug benefits for state annuitants, defraying increases in future employer or state annuitant health benefit or prescription drug rates, increasing state annuitant health benefits or prescription drug benefits, and implementing cost containment programs related to state annuitant health benefits that include prescription drug benefits.

(9) Existing law generally regulates the storage of hazardous substances in underground storage tanks. Specified provisions of

federal law impose liability for the costs incurred by a state for undertaking corrective action with regard to a release of petroleum from an underground storage tank, and the money recovered pursuant to federal law by the state is required to be deposited in the Leaking Underground Storage Tank Cost Recovery Fund in the General Fund. The State Water Resources Control Board (board) is authorized to expend the money in that fund, upon appropriation by the Legislature, for the purpose of taking specified actions with respect to underground storage tanks containing petroleum.

Under the Barry Keene Underground Storage Tank Cleanup Trust Fund Act of 1989, an owner of an underground storage tank is required to pay a storage fee for each gallon of petroleum placed in the tank. The fees are required to be deposited in the Underground Storage Tank Cleanup Fund and the money in the fund may be expended by the board, upon appropriation by the Legislature, for various specified purposes.

This bill would authorize the Controller, upon appropriation by the Legislature, to expend money from the Leaking Underground Storage Tank Cost Recovery Fund, for the costs of corrective action at a specified site.

This bill would also require, after the corrective action at that site is complete, in accordance with a uniform closure letter, that all unencumbered funds in the Leaking Underground Storage Tank Fund, and all net proceeds from the sale or the disposition of that site made on behalf of the Controller, be transferred to the Underground Storage Tank Cleanup Fund.

(10) The Housing and Emergency Shelter Trust Fund Act of 2006 authorizes the issuance of bonds in the amount of \$2,850,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds are required to be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks. The act establishes the Housing and Emergency Shelter Trust Fund of 2006 in the State Treasury, requires the sum of \$850,000,000 to be deposited in the Regional Planning, Housing, and Infill Incentive Account, which the act establishes in the fund, and makes the money in the account available, upon appropriation, for infill incentive grants for capital outlay related to infill housing development and other related infill

development, and for brownfield cleanup that promotes infill housing development and other related infill development consistent with regional and local plans, subject to the conditions and criteria that the Legislature may provide in statute.

This bill would establish the Infill Incentive Grant Program of 2007, that would require the Department of Housing and Community Development, upon appropriation by the Legislature of the funds in the Regional Planning, Housing, and Infill Incentive Account for certain purposes, to establish and administer a competitive grant program to allocate those funds to selected capital improvements projects related to qualifying infill projects or qualifying infill areas, as defined.

The bill would require the California Pollution Control Financing Authority, in consultation with the Department of Housing and Community Development, upon appropriation by the Legislature of the funds in the Regional Planning, Housing, and Infill Incentive Account for certain additional purposes, to administer loans or grants under the California Recycle Underutilized Sites (CALReUSE) Program for the purpose of brownfield cleanup that promotes infill residential and mixed-use development, consistent with regional and local land use plans.

The bill would also appropriate \$240,000,000 and \$60,000,000, respectively, from the Budget Act of 2007 for the Infill Incentive Grant Program of 2007 and for CALReUSE in the 2007–08 fiscal year.

(11) Existing law provides for the collection of fees by the Division of Occupational Safety and Health for inspections of elevators, aerial passenger tramways, and permanent amusement rides. Fees collected for elevator inspections are deposited into the Elevator Safety Account. Fees collected for the inspection of aerial passenger tramways are deposited into the General Fund. Fees collected for permanent amusement ride inspections are deposited into a special fund titled the Permanent Amusement Ride Inspection Fund. Existing law exempts the state and other political subdivisions from paying these fees.

This bill would direct that all fees collected by the division for the inspection of elevators, aerial passenger tramways, and permanent amusement rides be deposited into the Elevator Safety Account. This bill would, effective June 30, 2007, abolish the Permanent Amusement Ride Inspection Fund and direct that all

moneys in the fund, as well as all outstanding liabilities and encumbrances, be transferred to the Elevator Safety Account.

This bill would also require the state and all other political subdivisions thereof to pay the inspection fees charged by the division.

(12) Existing law establishes a minigrant program for the development and support of domestic violence programs and services for the gay, lesbian, bisexual, and transgender community. Existing law requires the Office of Emergency Services (OES) to use funds from the Equality in Prevention and Services for Domestic Abuse Fund to award at least 4 minigrants annually of up to \$10,000 to qualifying organizations to fund those domestic violence programs and services.

This bill would revise those provisions to require OES to award up to 4 grants annually to qualifying organizations, with at least one in southern California and one in northern California. The bill would also change all references to “minigrant” in those provisions to “grant.”

(13) This bill would declare that it is to take effect immediately as an urgency statute.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 1501.5 of the Code of Civil Procedure is amended to read:

1501.5. (a) Notwithstanding any provision of law to the contrary, property received by the state under this chapter shall not permanently escheat to the state.

(b) The Legislature finds and declares that this section is declaratory of the existing law and sets forth the intent of the Legislature regarding the Uniform Disposition of Unclaimed Property Act (Chapter 1809, Statutes of 1959) and all amendments thereto and revisions thereof. Any opinions, rulings, orders, judgments, or other statements to the contrary by any court are erroneous and inconsistent with the intent of the Legislature.

(c) It is the intent of the Legislature that property owners be reunited with their property. In making changes to the unclaimed property program in conjunction with the Budget Act of 2007, the

Legislature intends to adopt a more expansive notification program that will provide all of the following:

- (1) Notification by the state to all owners of unclaimed property prior to escheatment.
- (2) A more expansive postescheatment policy that takes action to identify those owners of unclaimed property.
- (3) A waiting period of not less than 18 months from delivery of property to the state prior to disposal of any unclaimed property deemed to have no commercial value.

SEC. 2. Section 1531 of the Code of Civil Procedure is amended to read:

1531. (a) Within one year after payment or delivery of escheated property as required by Section 1532, the Controller shall cause a notice to be published, in a newspaper of general circulation which the Controller determines is most likely to give notice to the apparent owner of the property.

(b) Each published notice shall be entitled “notice to owners of unclaimed property.”

(c) Each published notice shall also contain a statement that information concerning the amount or description of the property may be obtained by any persons possessing an interest in the property by addressing any inquiry to the Controller.

(d) Within 165 days after the final date for filing the report required by Section 1530, the Controller shall mail a notice to each person having an address listed in the report who appears to be entitled to property of the value of fifty dollars (\$50) or more escheated under this chapter. If the report filed pursuant to Section 1530 includes a social security number, the Controller shall request the Franchise Tax Board to provide a current address for the apparent owner on the basis of that number. The Controller shall mail the notice to the apparent owner for whom a current address is obtained if the address is different from the address previously reported to the Controller. If the Franchise Tax Board does not provide an address or a different address, then the Controller shall mail the notice to the address listed in the report required by Section 1530.

(e) The mailed notice shall contain all of the following:

- (1) A statement that, according to a report filed with the Controller, property is being held to which the addressee appears entitled.

(2) The name and address of the person holding the property and any necessary information regarding changes of name and address of the holder.

(3) A statement that, if satisfactory proof of claim is not presented by the owner to the holder by the date specified in the notice, the property will be placed in the custody of the Controller and may be sold or destroyed pursuant to this chapter, and all further claims concerning the property or, if sold, the net proceeds of its sale, must be directed to the Controller.

(f) This section is intended to inform owners about the possible existence of unclaimed property identified pursuant to this chapter.

SEC. 3. Section 1531.5 is added to the Code of Civil Procedure, to read:

1531.5. (a) The Controller shall establish and conduct a notification program designed to inform owners about the possible existence of unclaimed property received pursuant to this chapter.

(b) Any notice sent pursuant to this section shall not contain a photograph or likeness of an elected official.

(c) (1) Notwithstanding any other law, upon the request of the Controller, a state or local governmental agency may furnish to the Controller from its records the address or other identification or location information that could reasonably be used to locate an owner of unclaimed property.

(2) If the address or other identification or location information requested by the Controller is deemed confidential under any laws or regulations of this state, it shall nevertheless be furnished to the Controller. However, neither the Controller nor any officer, agent, or employee of the Controller shall use or disclose that information except as may be necessary in attempting to locate the owner of unclaimed property.

(3) This subdivision shall not be construed to require disclosure of information in violation of federal law.

(4) If a fee or charge is customarily made for the information requested by the Controller, the Controller shall pay that customary fee or charge.

(d) Costs for administering this section shall be subject to the level of appropriation in the annual Budget Act.

SEC. 4. Section 1532 of the Code of Civil Procedure is amended to read:

1532. (a) Every person filing a report as provided by Section 1530 shall, no sooner than seven months and no later than seven months and 15 days after the final date for filing the report, pay or deliver to the Controller all escheated property specified in the report. Any payment of unclaimed cash in an amount of at least twenty thousand dollars (\$20,000) shall be made by electronic funds transfer pursuant to regulations adopted by the Controller.

(b) If a person establishes his or her right to receive any property specified in the report to the satisfaction of the holder before that property has been delivered to the Controller, or it appears that, for any other reason, the property may not be subject to escheat under this chapter, the holder shall not pay or deliver the property to the Controller but shall instead file a report with the Controller, on a form and in a format prescribed or approved by the Controller, containing information pertaining to the property not subject to escheat.

(c) Any property not paid or delivered pursuant to subdivision (b) that is later determined by the holder to be subject to escheat under this chapter shall not be subject to the interest provision of Section 1577.

(d) The holder of any interest under subdivision (b) of Section 1516 shall deliver a duplicate certificate to the Controller or shall register the securities in uncertificated form in the name of the Controller. Upon delivering a duplicate certificate or providing evidence of registration of the securities in uncertificated form to the Controller, the holder, any transfer agent, registrar, or other person acting for or on behalf of the holder in executing or delivering the duplicate certificate or registering the uncertificated securities, shall be relieved from all liability of every kind to any person including, but not limited to, any person acquiring the original certificate or the duplicate of the certificate issued to the Controller for any losses or damages resulting to that person by the issuance and delivery to the Controller of the duplicate certificate or the registration of the uncertificated securities to the Controller.

(e) Payment of any intangible property to the Controller shall be made at the office of the Controller in Sacramento or at another location as the Controller by regulation may designate. Except as otherwise agreed by the Controller and the holder, tangible personal

property shall be delivered to the Controller at the place where it is held.

(f) Payment is deemed complete on the date the electronic funds transfer is initiated if the settlement to the state's demand account occurs on or before the banking day following the date the transfer is initiated. If the settlement to the state's demand account does not occur on or before the banking day following the date the transfer is initiated, payment is deemed to occur on the date settlement occurs.

(g) Any person required to pay cash by electronic funds transfer who makes the payment by means other than an authorized electronic funds transfer shall be liable for a civil penalty of 2 percent of the amount of the payment that is due pursuant to this section, in addition to any other penalty provided by law. Penalties are due at the time of payment. If the Controller finds that a holder's failure to make payment by an appropriate electronic funds transfer in accordance with the Controller's procedures is due to reasonable cause and circumstances beyond the holder's control, and occurred notwithstanding the exercise of ordinary care and in the absence of willful neglect, that holder shall be relieved of the penalties.

(h) An electronic funds transfer shall be accomplished by an automated clearinghouse debit, an automated clearinghouse credit, a Federal Reserve Wire Transfer (Fedwire), or by an international funds transfer. Banking costs incurred for the automated clearinghouse debit transaction by the holder shall be paid by the state. Banking costs incurred by the state for the automated clearinghouse credit transaction may be paid by the holder originating the credit. Banking costs incurred for the Fedwire transaction charged to the holder and the state shall be paid by the person originating the transaction. Banking costs charged to the holder and to the state for an international funds transfer may be charged to the holder.

(i) For purposes of this section:

(1) "Electronic funds transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an electronic terminal, telephonic instrument, modem, computer, or magnetic tape, so as to order, instruct, or authorize a financial institution to credit or debit an account.

(2) “Automated clearinghouse” means any federal reserve bank, or an organization established by agreement with the National Automated Clearing House Association, that operates as a clearinghouse for transmitting or receiving entries between banks or bank accounts and that authorizes an electronic transfer of funds between those banks or bank accounts.

(3) “Automated clearinghouse debit” means a transaction in which the state, through its designated depository bank, originates an automated clearinghouse transaction debiting the holder’s bank account and crediting the state’s bank account for the amount of payment.

(4) “Automated clearinghouse credit” means an automated clearinghouse transaction in which the holder, through its own bank, originates an entry crediting the state’s bank account and debiting the holder’s bank account.

(5) “Fedwire” means any transaction originated by the holder and utilizing the national electronic payment system to transfer funds through federal reserve banks, pursuant to which the holder debits its own bank account and credits the state’s bank account.

(6) “International funds transfer” means any transaction originated by the holder and utilizing the international electronic payment system to transfer funds, pursuant to which the holder debits its own bank account, and credits the funds to a United States bank that credits the Unclaimed Property Fund.

SEC. 5. Section 1563 of the Code of Civil Procedure is amended to read:

1563. (a) Except as provided in subdivisions (b) and (c), all escheated property delivered to the Controller under this chapter shall be sold by the Controller to the highest bidder at public sale in whatever city in the state affords in his or her judgment the most favorable market for the property involved, or the Controller may conduct the sale by electronic media, including, but not limited to, the Internet, if in his or her judgment it is cost effective to conduct the sale of the property involved in that manner. However, no sale shall be made pursuant to this subdivision until 18 months after the final date for filing the report required by Section 1530. The Controller may decline the highest bid and reoffer the property for sale if he or she considers the price bid insufficient. The Controller need not offer any property for sale if, in his or her opinion, the probable cost of sale exceeds the value of the property.

Any sale of escheated property held under this section shall be preceded by a single publication of notice thereof, at least one week in advance of sale, in an English language newspaper of general circulation in the county where the property is to be sold.

(b) Securities listed on an established stock exchange shall be sold at the prevailing prices on that exchange. Other securities may be sold over the counter at prevailing prices or, with prior approval of the California Victim Compensation and Government Claims Board, by any other method that the Controller may determine to be advisable. These securities shall be sold by the Controller no sooner than 18 months, but no later than 20 months, after the final date for filing the report required by Section 1530. If securities delivered to the Controller by a holder of the securities remain in the custody of the Controller, a person making a valid claim for those securities under this chapter shall be entitled to receive the securities from the Controller. If the securities have been sold, the person shall be entitled to receive the net proceeds received by the Controller from the sale of the securities. United States government savings bonds and United States war bonds shall be presented to the United States for payment. Subdivision (a) does not apply to the property described in this subdivision.

(c) (1) All escheated property consisting of military awards, decorations, equipment, artifacts, memorabilia, documents, photographs, films, literature, and any other item relating to the military history of California and Californians that is delivered to the Controller is exempt from subdivision (a) and shall be held in trust for the Controller at the California State Military Museum and Resource Center. All escheated property held in trust pursuant to this subdivision is subject to the applicable regulations of the United States Army governing Army museum activities as described in Section 179 of the Military and Veterans Code. Any person claiming an interest in the escheated property may file a claim to the property pursuant to Article 4 (commencing with Section 1540).

(2) The California State Military Museum and Resource Center shall be responsible for the costs of storage and maintenance of escheated property delivered by the Controller under this subdivision.

(d) The purchaser at any sale conducted by the Controller pursuant to this chapter shall receive title to the property purchased,

free from all claims of the owner or prior holder thereof and of all persons claiming through or under them. The Controller shall execute all documents necessary to complete the transfer of title.

SEC. 6. Section 1565 of the Code of Civil Procedure is amended to read:

1565. Any property delivered to the State Controller pursuant to this chapter that has no apparent commercial value shall be retained by the Controller for a period of not less than 18 months from the date the property is delivered to the Controller. If the Controller determines that any property delivered to him or her pursuant to this chapter has no apparent commercial value, he or she may at any time thereafter destroy or otherwise dispose of the property, and in that event no action or proceeding shall be brought or maintained against the state or any officer thereof, or against the holder for, or on account of any action taken by, the Controller pursuant to this chapter with respect to the property.

SEC. 7. Section 298 of the Family Code is amended to read:

298. (a) (1) The Secretary of State shall prepare forms entitled “Declaration of Domestic Partnership” and “Notice of Termination of Domestic Partnership” to meet the requirements of this division. These forms shall require the signature and seal of an acknowledgment by a notary public to be binding and valid.

(2) When funding allows, the Secretary of State shall include on the form notice that a lesbian, gay, bisexual, and transgender specific domestic abuse brochure is available upon request.

(b) (1) The Secretary of State shall distribute these forms to each county clerk. These forms shall be available to the public at the office of the Secretary of State and each county clerk.

(2) The Secretary of State shall, by regulation, establish fees for the actual costs of processing each of these forms, and the cost for preparing and sending the mailings and notices required pursuant to Section 299.3, and shall charge these fees to persons filing the forms.

(3) There is hereby established a fee of twenty-three dollars (\$23) to be charged in addition to the existing fees established by regulation to persons filing domestic partner registrations pursuant to Section 297 for development and support of a lesbian, gay, bisexual, and transgender curriculum for training workshops on domestic violence, conducted pursuant to Section 13823.15 of the Penal Code, and for the support of a grant program to promote

healthy nonviolent relationships in the lesbian, gay, bisexual, and transgender community. This paragraph shall not apply to persons of opposite sexes filing a domestic partnership registration and who meet the qualifications described in subparagraph (B) of paragraph (5) of subdivision (b) of Section 297.

(4) The fee established by paragraph (3) shall be deposited in the Equality in Prevention and Services for Domestic Abuse Fund, which is hereby established. The fund shall be administered by the Office of Emergency Services, and expenditures from the fund shall be used to support the purposes of paragraph (3).

(c) The Declaration of Domestic Partnership shall require each person who wants to become a domestic partner to (1) state that he or she meets the requirements of Section 297 at the time the form is signed, (2) provide a mailing address, (3) state that he or she consents to the jurisdiction of the Superior Courts of California for the purpose of a proceeding to obtain a judgment of dissolution or nullity of the domestic partnership or for legal separation of partners in the domestic partnership, or for any other proceeding related to the partners' rights and obligations, even if one or both partners ceases to be a resident of, or to maintain a domicile in, this state, (4) sign the form with a declaration that representations made therein are true, correct, and contain no material omissions of fact to the best knowledge and belief of the applicant, and (5) have a notary public acknowledge his or her signature. Both partners' signatures shall be affixed to one Declaration of Domestic Partnership form, which form shall then be transmitted to the Secretary of State according to the instructions provided on the form. Filing an intentionally and materially false Declaration of Domestic Partnership shall be punishable as a misdemeanor.

SEC. 8. Section 12795.5 of the Food and Agricultural Code is repealed.

SEC. 9. Section 12795.6 of the Food and Agricultural Code is repealed.

SEC. 10. Section 12439 of the Government Code is amended to read:

12439. (a) (1) Beginning July 1, 2002, and except as provided in paragraph (2), any state position that is vacant for six consecutive monthly pay periods shall be abolished by the Controller on the following July 1. The six consecutive monthly pay periods may

occur entirely within one fiscal year or between two consecutive fiscal years.

(2) Notwithstanding paragraph (1), from July 1, 2007, to June 30, 2010, inclusive, any state position that is vacant for 12 consecutive monthly pay periods shall be abolished by the Controller on the following July 1. The 12 consecutive monthly pay periods may occur entirely within one fiscal year or between two consecutive fiscal years.

(b) The Director of Finance may authorize the reestablishment of any positions abolished pursuant to this section if one or more of the following conditions existed during part or all of the six consecutive monthly pay periods, as specified in paragraph (1) of subdivision (a), or during part or all of the 12 consecutive monthly pay periods, as specified in paragraph (2) of subdivision (a):

(1) There was a hiring freeze in effect during part or all of the six or, as applicable, 12 consecutive pay periods.

(2) The department has diligently attempted to fill the position, but was unable to complete all the steps necessary to fill the position within six, or, as applicable, 12 months.

(3) The position has been designated as a management position for purposes of collective bargaining and has been held vacant pending the appointment of the director, or other chief executive officer, of the department as part of the transition from one Governor to the succeeding Governor.

(4) The classification of the position is determined to be hard-to-fill.

(5) Late enactment of the budget causes the department to delay filling the position.

(c) The Controller shall reestablish any position for which the director of the department in which that position existed prior to abolishment certifies by August 15 that one or more of the following conditions existed during part or all of the six consecutive pay periods, as specified in paragraph (1) of subdivision (a), or during part or all of the 12 consecutive pay periods, as specified in paragraph (2) of subdivision (a):

(1) The position is necessary for directly providing 24-hour care in an institution operated by the state.

(2) The position is necessary for the state to satisfy any licensing requirements adopted by a local, state, or federal licensing or other regulatory agency.

(3) The position is directly involved in services for public health, public safety, or homeland security.

(4) The position is being held vacant because the previous incumbent is eligible to exercise a mandatory right of return from a leave of absence as may be required by any provision of law including, but not limited to, leaves for industrial disability, nonindustrial disability, military service, pregnancy, childbirth, or care of a newborn infant.

(5) The position is being held vacant because the department has granted the previous incumbent a permissive leave of absence as may be authorized by any provision of law including, but not limited to, leaves for adoption of a child, education, civilian military work, or to assume a temporary assignment in another agency.

(6) Elimination of the position will directly reduce state revenues or other income by more than would be saved by elimination of the position.

(7) The position is funded entirely from moneys appropriated pursuant to Section 221 of the Food and Agricultural Code, was established with the Controller pursuant to Section 221.1 of the Food and Agricultural Code, and directly responds to unforeseen agricultural circumstances requiring the relative expertise that the position provides.

(d) Each department shall maintain for future independent audit all records on which the department relied in determining that any position or positions satisfied one or more of the criteria specified in paragraphs (1) to (6), inclusive, of subdivision (c).

(e) The only other exceptions to the abolishment required by subdivision (a) are those positions exempt from civil service or those instructional and instruction-related positions authorized for the California State University. No money appropriated by the subsequent Budget Act shall be used to pay the salary of any otherwise authorized state position that is abolished pursuant to this section.

(f) The Controller, no later than September 10 of each fiscal year, shall furnish the Department of Finance in writing a preliminary report of any authorized state positions that were abolished effective on the preceding July 1 pursuant to this section.

(g) The Controller, no later than October 15 of each fiscal year, shall furnish the Joint Legislative Budget Committee and the

Department of Finance a final report on all positions that were abolished effective on the preceding July 1.

(h) Departments shall not execute any personnel transactions for the purpose of circumventing the provisions of this section.

(i) Each department shall include a section discussing its compliance with this section when it prepares its report pursuant to Section 13405.

(j) As used in this section, department refers to any department, agency, board, commission, or other organizational unit of state government that is empowered to appoint persons to civil service positions.

(k) This section shall become operative July 1, 2002.

SEC. 11. Section 13310 is added to the Government Code, to read:

13310. (a) It is the intent of the Legislature that the department set statewide fiscal and accounting policies and procedures, and provide adequate fiscal and accounting training, advice, and consulting services to any agency of the state that is authorized or required to handle public money or its equivalent in order to ensure that the state's assets are protected and that accurate and timely financial information is maintained.

(b) To the extent permitted by state law, the department may assess special funds, bond funds, and nongovernmental cost funds in amounts sufficient to support the functions identified in subdivision (a). The director shall determine the amount of the total assessment for each fund periodically. Upon order of the director, the moneys authorized pursuant to this section shall be transferred by the Controller, as needed, from each fund for a total amount not to exceed the amounts authorized in the annual Budget Act.

SEC. 12. Section 15814.45 is added to the Government Code, to read:

15814.45. (a) Any building the state intends to occupy, for which construction commences on and after January 1, 2009, and any renovation to a building the state intends to occupy that commences on or after that date, shall be designed, constructed, and operated, to meet, at a minimum, the applicable standards described in the United States Green Building Council's Leadership in Energy and Environmental Design silver rating.

(b) Any building lease, for which the state shall be the sole tenant, entered into on or after January 1, 2009, that requires major renovation or the construction of a new building on or after that date, shall require the renovation or the building to be designed, constructed, and operated, to meet, at a minimum, the standards described in the United States Green Building Council's Leadership in Energy and Environmental Design silver rating.

SEC. 13. Section 17555 of the Government Code is amended to read:

17555. (a) Not later than 30 days after hearing and deciding upon a test claim pursuant to subdivision (a) of Section 17551, and determining the amount to be subvended to local agencies and school districts for reimbursement pursuant to subdivision (a) of Section 17557, the commission shall notify the appropriate Senate and Assembly policy and fiscal committees, the Legislative Analyst, the Department of Finance, and the Controller of that decision.

(b) For purposes of this section, the "appropriate policy committee" means the policy committee that has jurisdiction over the subject matter of the statute, regulation, or executive order, and in which bills relating to that subject matter would have been heard.

SEC. 14. Section 17557 of the Government Code is amended to read:

17557. (a) If the commission determines there are costs mandated by the state pursuant to Section 17551, it shall determine the amount to be subvended to local agencies and school districts for reimbursement. In so doing it shall adopt parameters and guidelines for reimbursement of any claims relating to the statute or executive order. The successful test claimants shall submit proposed parameters and guidelines within 30 days of adoption of a statement of decision on a test claim. At the request of a successful test claimant, the commission may provide for one or more extensions of this 30-day period at any time prior to its adoption of the parameters and guidelines. If proposed parameters and guidelines are not submitted within the 30-day period and the commission has not granted an extension, then the commission shall notify the test claimant that the amount of reimbursement the test claimant is entitled to for the first 12 months of incurred costs will be reduced by 20 percent, unless the test claimant can

demonstrate to the commission why an extension of the 30-day period is justified.

(b) In adopting parameters and guidelines, the commission may adopt a reasonable reimbursement methodology.

(c) The parameters and guidelines adopted by the commission shall specify the fiscal years for which local agencies and school districts shall be reimbursed for costs incurred. However, the commission may not specify in the parameters and guidelines any fiscal year for which payment could be provided in the annual Budget Act.

(d) A local agency, school district, or the state may file a written request with the commission to amend, modify, or supplement the parameters or guidelines. The commission may, after public notice and hearing, amend, modify, or supplement the parameters and guidelines. A parameters and guidelines amendment submitted within 90 days of the claiming deadline for initial claims, as specified in the claiming instructions pursuant to Section 17561, shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines. A parameters and guidelines amendment filed more than 90 days after the claiming deadline for initial claims, as specified in the claiming instructions pursuant to Section 17561, and on or before the claiming deadline following a fiscal year, shall establish reimbursement eligibility for that fiscal year.

(e) A test claim shall be submitted on or before June 30 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year. The claimant may thereafter amend the test claim at any time, but before the test claim is set for a hearing, without affecting the original filing date as long as the amendment substantially relates to the original test claim.

(f) In adopting parameters and guidelines, the commission shall consult with the Department of Finance, the affected state agency, the Controller, the fiscal and policy committees of the Assembly and Senate, the Legislative Analyst, and the claimants to consider a reasonable reimbursement methodology that balances accuracy with simplicity.

SEC. 15. Section 17560 of the Government Code is amended to read:

17560. Reimbursement for state-mandated costs may be claimed as follows:

(a) A local agency or school district may file an estimated reimbursement claim by February 15 of the fiscal year in which costs are to be incurred, and, by February 15 following that fiscal year shall file an annual reimbursement claim that details the costs actually incurred for that fiscal year; or it may comply with the provisions of subdivision (b).

(b) A local agency or school district may, by February 15 following the fiscal year in which costs are incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.

(c) In the event revised claiming instructions are issued by the Controller pursuant to subdivision (c) of Section 17558 between November 15 and February 15, a local agency or school district filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim.

SEC. 16. Section 17561 of the Government Code is amended to read:

17561. (a) The state shall reimburse each local agency and school district for all “costs mandated by the state,” as defined in Section 17514.

(b) (1) For the initial fiscal year during which these costs are incurred, reimbursement funds shall be provided as follows:

(A) Any statute mandating these costs shall provide an appropriation therefor.

(B) Any executive order mandating these costs shall be accompanied by a bill appropriating the funds therefor, or alternatively, an appropriation for these costs shall be included in the Budget Bill for the next succeeding fiscal year. The executive order shall cite that item of appropriation in the Budget Bill or that appropriation in any other bill which is intended to serve as the source from which the Controller may pay the claims of local agencies and school districts.

(2) In subsequent fiscal years appropriations for these costs shall be included in the annual Governor’s Budget and in the accompanying Budget Bill. In addition, appropriations to reimburse local agencies and school districts for continuing costs resulting from chaptered bills or executive orders for which claims have been awarded pursuant to subdivision (a) of Section 17551 shall be included in the annual Governor’s Budget and in the accompanying Budget Bill.

(c) The amount appropriated to reimburse local agencies and school districts for costs mandated by the state shall be appropriated to the Controller for disbursement.

(d) The Controller shall pay any eligible claim pursuant to this section by August 15 or 15 days after the date the appropriation for the claim is effective, whichever is later. The Controller shall disburse reimbursement funds to local agencies or school districts if the costs of these mandates are not payable to state agencies, or to state agencies that would otherwise collect the costs of these mandates from local agencies or school districts in the form of fees, premiums, or payments. When disbursing reimbursement funds to local agencies or school districts, the Controller shall disburse them as follows:

(1) For initial reimbursement claims, the Controller shall issue claiming instructions to the relevant local agencies and school districts pursuant to Section 17558. Issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the commission.

(A) When claiming instructions are issued by the Controller pursuant to Section 17558 for each mandate determined pursuant to Section 17551 that requires state reimbursement, each local agency or school district to which the mandate is applicable shall submit claims for initial fiscal year costs to the Controller within 120 days of the issuance date for the claiming instructions.

(B) When the commission is requested to review the claiming instructions pursuant to Section 17571, each local agency or school district to which the mandate is applicable shall submit a claim for reimbursement within 120 days after the commission reviews the claiming instructions for reimbursement issued by the Controller.

(C) If the local agency or school district does not submit a claim for reimbursement within the 120-day period, or submits a claim pursuant to revised claiming instructions, it may submit its claim for reimbursement as specified in Section 17560. The Controller shall pay these claims from the funds appropriated therefor, provided that the Controller (i) may audit the records of any local agency or school district to verify the actual amount of the mandated costs, and (ii) may reduce any claim that the Controller determines is excessive or unreasonable.

(2) In subsequent fiscal years each local agency or school district shall submit its claims as specified in Section 17560. The Controller shall pay these claims from funds appropriated therefor, provided that the Controller (A) may audit the records of any local agency or school district to verify the actual amount of the mandated costs, (B) may reduce any claim that the Controller determines is excessive or unreasonable, and (C) shall adjust the payment to correct for any underpayments or overpayments which occurred in previous fiscal years.

(3) When paying a timely filed claim for initial reimbursement, the Controller shall withhold 20 percent of the amount of the claim until the claim is audited to verify the actual amount of the mandated costs. All initial reimbursement claims for all fiscal years required to be filed on their initial filing date for a state-mandated local program shall be considered as one claim for the purpose of computing any late claim penalty. Any claim for initial reimbursement filed after the filing deadline shall be reduced by 10 percent of the amount that would have been allowed had the claim been timely filed. The Controller may withhold payment of any late claim for initial reimbursement until the next deadline for funded claims unless sufficient funds are available to pay the claim after all timely filed claims have been paid. In no case may a reimbursement claim be paid if submitted more than one year after the filing deadline specified in the Controller's claiming instructions on funded mandates.

(e) (1) Except as specified in paragraph (2), for the purposes of determining the state's payment obligation under paragraph (1) of subdivision (b) of Section 6 of Article XIII B of the Constitution, a mandate that is "determined in a preceding fiscal year to be payable by the state" means all mandates for which the commission adopted a statewide cost estimate pursuant to this part during a previous fiscal year or that were identified as mandates by a predecessor agency to the commission, unless the mandate has been repealed or otherwise eliminated.

(2) If the commission adopts a statewide cost estimate for a mandate during the months of April, May, or June, the state's payment obligation under subdivision (b) of Section 6 of Article XIII B shall commence one year after the time specified in paragraph (1).

SEC. 17. Section 17561.5 of the Government Code is amended to read:

17561.5. The payment of an initial reimbursement claim by the Controller shall include accrued interest at the Pooled Money Investment Account rate, if the payment is being made more than 365 days after adoption of the statewide cost estimate for an initial claim. Interest shall begin to accrue as of the 366th day after adoption of the statewide cost estimate for the initial claim. Payment of a subsequent claim that was reported to the Legislature pursuant to paragraph (2) of subdivision (b) of Section 17562 shall include accrued interest at the Pooled Money Investment Account rate for any unpaid amount remaining on August 15 following the filing deadline. Interest shall begin to accrue on August 16 following the filing deadline.

SEC. 18. Section 17562 of the Government Code is amended to read:

17562. (a) The Legislature hereby finds and declares that the increasing revenue constraints on state and local government and the increasing costs of financing state-mandated local programs make evaluation of state-mandated local programs imperative. Accordingly, it is the intent of the Legislature to increase information regarding state mandates and establish a method for regularly reviewing the costs and benefits of state-mandated local programs.

(b) (1) The Controller shall submit a report to the Joint Legislative Budget Committee and fiscal committees by October 31 of each fiscal year beginning with the 2007–08 fiscal year. This report shall summarize, by state mandate, the total amount of claims paid per fiscal year and the amount, if any, of mandate deficiencies or surpluses. This report shall be made available in an electronic spreadsheet format. The report shall compare the estimated annual cost of each mandate in the preceding fiscal year to the amount determined to be payable by the state for that fiscal year.

(2) The Controller shall submit a report to the Joint Legislative Budget Committee, the applicable fiscal committees, and the Director of Finance by April 30 of each fiscal year. This report shall summarize, by state mandate, the total amount of unpaid claims by fiscal year that were submitted before April 1 of that fiscal year. The report shall also summarize any mandate

deficiencies or surpluses. It shall be made available in an electronic spreadsheet, and shall be used for the purpose of determining the state's payment obligation under paragraph (1) of subdivision (b) of Section 6 of Article XIII B of the California Constitution.

(c) After the commission submits its second semiannual report to the Legislature pursuant to Section 17600, the Legislative Analyst shall submit a report to the Joint Legislative Budget Committee and legislative fiscal committees on the mandates included in the commission's reports. The report shall make recommendations as to whether the mandate should be repealed, funded, suspended, or modified.

(d) In its annual analysis of the Budget Bill and based on information provided pursuant to subdivision (b), the Legislative Analyst shall report total annual state costs for mandated programs and, as appropriate, provide an analysis of specific mandates and make recommendations on whether the mandate should be repealed, funded, suspended, or modified.

(e) (1) A statewide association of local agencies or school districts or a Member of the Legislature may submit a proposal to the Legislature recommending the elimination or modification of a state-mandated local program. To make such a proposal, the association or member shall submit a letter to the Chairs of the Assembly Committee on Education or the Assembly Committee on Local Government, as the case may be, and the Senate Committee on Education or the Senate Committee on Local Government, as the case may be, specifying the mandate and the concerns and recommendations regarding the mandate. The association or member shall include in the proposal all information relevant to the conclusions. If the chairs of the committees desire additional analysis of the submitted proposal, the chairs may refer the proposal to the Legislative Analyst for review and comment. The chairs of the committees may refer up to a total of 10 of these proposals to the Legislative Analyst for review in any year. Referrals shall be submitted to the Legislative Analyst by December 1 of each year.

(2) The Legislative Analyst shall review and report to the Legislature with regard to each proposal that is referred to the office pursuant to paragraph (1). The Legislative Analyst shall recommend that the Legislature adopt, reject, or modify the proposal. The report and recommendations shall be submitted

annually to the Legislature by March 1 of the year subsequent to the year in which referrals are submitted to the Legislative Analyst.

(3) The Department of Finance shall review all statutes enacted each year that contain provisions making inoperative Section 17561 or Section 17565 that have resulted in costs or revenue losses mandated by the state that were not identified when the statute was enacted. The review shall identify the costs or revenue losses involved in complying with the statutes. The Department of Finance shall also review all statutes enacted each year that may result in cost savings authorized by the state. The Department of Finance shall submit an annual report of the review required by this subdivision, together with the recommendations as it may deem appropriate, by December 1 of each year.

(f) It is the intent of the Legislature that the Assembly Committee on Local Government and the Senate Committee on Local Government hold a joint hearing each year regarding the following:

(1) The reports and recommendations submitted pursuant to subdivision (e).

(2) The reports submitted pursuant to Sections 17570, 17600, and 17601.

(3) Legislation to continue, eliminate, or modify any provision of law reviewed pursuant to this subdivision. The legislation may be by subject area or by year or years of enactment.

SEC. 19. Section 17567 of the Government Code is amended to read:

17567. In the event that the amount appropriated for reimbursement purposes pursuant to Section 17561 is not sufficient to pay all of the claims approved by the Controller, the Controller shall prorate claims in proportion to the dollar amount of approved claims timely filed and on hand at the time of proration. The Controller shall adjust prorated claims if supplementary funds are appropriated for this purpose.

In the event that the Controller finds it necessary to prorate claims as provided by this section, the Controller shall immediately report this action to the Department of Finance, the Chairperson of the Joint Legislative Budget Committee, and the Chairperson of the respective committee in each house of the Legislature which considers appropriations in order to assure appropriation of these funds in the Budget Act.

SEC. 20. Section 17568 of the Government Code is amended to read:

17568. If a local agency or school district submits an otherwise valid reimbursement claim to the Controller after the deadline specified in Section 17560, the Controller shall reduce the reimbursement claim in an amount equal to 10 percent of the amount which would have been allowed had the reimbursement claim been timely filed, provided that the amount of this reduction shall not exceed ten thousand dollars (\$10,000). In no case shall a reimbursement claim be paid which is submitted more than one year after the deadline specified in Section 17560. Estimated claims which were filed by the deadline specified in that section shall be paid in full before payments are made on estimated claims filed after the deadline. In the event the amount appropriated to the Controller for reimbursement purposes is not sufficient to pay the estimated claims approved by the Controller, the Controller shall prorate those claims in proportion to the dollar amount of approved claims filed after the deadline and shall report to the Legislature in the same manner as described in Section 17567 in order to assure appropriation of funds sufficient to pay those claims.

SEC. 21. Section 17570 of the Government Code is repealed.

SEC. 22. Section 17612 of the Government Code is amended to read:

17612. (a) Upon receipt of the report submitted by the commission pursuant to Section 17600, funding shall be provided in the subsequent Budget Act for costs incurred in prior years. No funding shall be provided for years in which a mandate is suspended.

(b) The Legislature may amend, modify, or supplement the parameters and guidelines for mandates contained in the annual Budget Act. If the Legislature amends, modifies, or supplements the parameters and guidelines, it shall make a declaration in separate legislation specifying the basis for the amendment, modification, or supplement.

(c) If the Legislature deletes from the annual Budget Act funding for a mandate, the local agency or school district may file in the Superior Court of the County of Sacramento an action in declaratory relief to declare the mandate unenforceable and enjoin its enforcement for that fiscal year.

SEC. 23. Section 19822.3 of the Government Code is amended to read:

19822.3. (a) All state agencies shall implement and use the California Automated Travel Expense Reimbursement System (CalATERS) to automate processing of employee travel claims by July 1, 2009, unless the Controller recommends, and the Department of Finance approves, an exemption request. To request an exemption, a department or agency shall submit documentation to the Controller no later than July 1, 2007, to substantiate that the implementation of CalATERS is not feasible or cost-effective for that department or agency. The Department of Finance and the Controller shall jointly report to the Joint Legislative Budget Committee, not later than February 1, 2008, on the exemptions that have been approved and the bases for the exemptions.

(b) Payments for the services of the Controller to implement this section shall be made by direct transfer as described in Section 11255. The total transfer shall not exceed the reimbursement expenditure authority provided to the Controller for CalATERS pursuant to the annual Budget Act, as adjusted by subsequent budget revisions approved by the Department of Finance.

SEC. 24. Section 22910 of the Government Code is amended to read:

22910. (a) There shall be maintained in the State Treasury the Public Employees' Contingency Reserve Fund. The board may invest funds in the Public Employees' Contingency Reserve Fund in accordance with the provisions of law governing its investment of the retirement fund.

(b) (1) An account shall be maintained within the Public Employees' Contingency Reserve Fund with respect to the health benefit plans the board has approved or that have entered into a contract with the board. The account shall be credited, from time to time and in amounts as determined by the board, with moneys contributed under Section 22885 or 22901 to provide an adequate contingency reserve. The income derived from any dividends, rate adjustments, or other funds received from a health benefit plan shall be credited to the account. The board may deposit, in the same manner as provided in paragraph (4), up to one-half of 1 percent of premiums in the account for purposes of cost containment programs, subject to approval as provided in paragraph (2) of subdivision (c).

(2) The account for health benefit plans may be utilized to defray increases in future rates, to reduce the contributions of employees and annuitants and employers, to implement cost containment programs, or to increase the benefits provided by a health benefit plan, as determined by the board. The board may use penalties and interest deposited pursuant to subdivision (c) of Section 22899 to pay any difference between the adjusted rate set by the board pursuant to Section 22864 and the applicable health benefit plan contract rates.

(3) The total credited to the account for health benefit plans at any time shall be limited, in the manner and to the extent the board may find to be most practical, to a maximum of 10 percent of the total of the contributions of the employers and employees and annuitants in any fiscal year. The board may undertake any action to ensure that the maximum amount prescribed for the fund is approximately maintained.

(4) Board rules and regulations adopted pursuant to Section 22831 to minimize the impact of adverse selection or contracts entered into pursuant to Section 22864 to implement health benefit plan performance incentives may provide for deposit in and disbursement to carriers or to Medicare from the account the portion of the contributions otherwise payable directly to the carriers by the Controller under Section 22913 as may be required for that purpose. The deposits may not be included in applying the limitations, prescribed in paragraph (3), on total amounts that may be deposited in or credited to the fund.

(5) Notwithstanding Section 13340, all moneys in the account for health benefit plans are continuously appropriated without regard to fiscal year for the purposes provided in this subdivision.

(c) (1) An account shall also be maintained in the Public Employees' Contingency Reserve Fund for administrative expenses consisting of funds deposited for this purpose pursuant to Sections 22885 and 22901.

(2) The moneys deposited pursuant to Sections 22885 and 22901 in the Public Employees' Contingency Reserve Fund may be expended by the board for administrative purposes, provided that the expenditure is approved by the Department of Finance and the Joint Legislative Budget Committee in the manner provided in the Budget Act for obtaining authorization to expend at rates requiring

a deficiency appropriation, regardless of whether the expenses were anticipated.

(d) An account shall be maintained in the Public Employees' Contingency Reserve Fund for health plan premiums paid by contracting agencies, including payments made pursuant to subdivision (f) of Section 22850. Notwithstanding Section 13340, the funds are continuously appropriated, without regard to fiscal year, for the payment of premiums or other charges to carriers or the Public Employees' Health Care Fund. Penalties and interest paid pursuant to subdivision (c) of Section 22899 shall be deposited in the account pursuant to paragraphs (1) and (2) of subdivision (b).

(e) Accounts shall be maintained in the Public Employees' Contingency Reserve Fund for complementary annuitant premiums and related administrative expenses paid by annuitants pursuant to Section 22802. Notwithstanding Section 13340, the funds are continuously appropriated, without regard to fiscal year, to reimburse the Public Employees' Retirement Fund for payment of annuitant health premiums, and for the payment of premiums and other charges to carriers or to the Public Employees' Health Care Fund. Administrative expenses deposited in this account shall be credited to the account provided by subdivision (c).

(f) Amounts received by the board for retiree drug subsidy payments that are attributed to contracting agencies and their annuitants and employees pursuant to subdivision (c) of Section 22910.5 shall be deposited in the Public Employees' Contingency Reserve Fund. Notwithstanding Section 13340, these amounts are continuously appropriated, without regard to fiscal year, for the payment of premiums, costs, contributions, or other benefits related to contracting agencies and their employees and annuitants, and as consistent with the Medicare Prescription Drug Improvement and Modernization Act, as amended.

(g) The Account for Retiree Drug Subsidy Payments is hereby established in the Public Employees' Contingency Reserve Fund and funds in that account shall, upon appropriation by the Legislature, be used for the purposes described in Section 22910.5.

SEC. 25. Section 22910.5 is added to the Government Code, to read:

22910.5. (a) For purposes of this section, the following definitions shall apply:

(1) “Local annuitant” means an annuitant other than a state annuitant.

(2) “Local employee” means an employee other than a state employee.

(3) “Retiree drug subsidy” means those amounts described in Section 423.886 of Title 42 of the Code of Federal Regulations.

(4) “State annuitant” means an annuitant who is retired from service with the state, including the California State University.

(5) “State employee” means an employee who is in the employment of the state, including the California State University.

(b) For purposes of applying for and receiving funds as part of a retiree drug subsidy, the board is designated as the sponsor of a qualified retiree prescription drug plan for a state or contracting agency plan, or a related plan, or an individual if both of the following apply:

(1) The system applies for a retiree drug subsidy related to the plan or individual.

(2) The system meets the definition of a plan sponsor as described in Section 1395w-132(c) of Title 42 of the United States Code.

(c) When the board performs the duties described in subdivision (b) related to, or applies for funds attributable to, a retiree drug subsidy for a contracting agency plan, local annuitant, or local employee, the board shall take all necessary steps to ensure that any funds received by the board shall be deposited in the Public Employees’ Contingency Reserve Fund as described in subdivision (f) of Section 22910.

(d) When the board performs the duties described in subdivision (b) related to, or applies for funds attributable to, a retiree drug subsidy for a state plan, state annuitant, state employee, or state employee association health benefit plan, the board shall take all necessary steps to deposit these funds in the Account for Retiree Drug Subsidy Payments as described in subdivision (g) of Section 22910.

(e) Notwithstanding any other law, all funds received by the board as a result of a retiree drug subsidy application attributable to a state employee or state annuitant, or the eligible dependent, beneficiary, or similarly situated person of that state employee or state annuitant, shall be deposited in the Account for Retiree Drug

Subsidy Payments, as described in subdivision (g) of Section 22910.

(f) Notwithstanding any other law, funds from the Account for Retiree Drug Subsidy Payments that is maintained in the Public Employees' Contingency Reserve Fund shall be appropriated by the Legislature in the annual Budget Act for the purposes described in this section. The Legislature shall, in the annual Budget Act, specify how these funds are to be used, consistent with the federal Medicare Prescription Drug Improvement and Modernization Act, as amended, including the following purposes:

(1) Reducing the contributions by the state from the General Fund or other funds in the State Treasury for health benefits that include prescription drug benefits for state annuitants.

(2) Reducing contributions by state annuitants for their health benefits that include prescription drug benefits.

(3) Defraying increases in future employer or state annuitant health benefit or prescription drug rates.

(4) Implementing cost containment programs related to state annuitant health benefits that include prescription drug benefits.

(5) Increasing state annuitant health benefits or prescription drug benefits.

SEC. 26. Section 25297.3 of the Health and Safety Code is amended to read:

25297.3. (a) The Leaking Underground Storage Tank Cost Recovery Fund is hereby created in the General Fund and the money in the fund may be expended, upon appropriation by the Legislature, for the purposes specified in subdivisions (c), (d), and (e).

(b) All of the following amounts shall be deposited in the Leaking Underground Storage Tank Cost Recovery Fund:

(1) All money recovered pursuant to the federal act for purposes of this chapter.

(2) Notwithstanding Section 16475 of the Government Code, all interest earned upon any money deposited in the Leaking Underground Storage Tank Cost Recovery Fund.

(3) Upon receipt of a written request from the board, the Controller shall transfer to the Leaking Underground Storage Tank Cost Recovery Fund the cash balance of the account in the Special Deposit Fund, as specified in Section 16370 of the Government

Code, in which is deposited all money recovered pursuant to the federal act.

(c) The board may expend the money in the Leaking Underground Storage Tank Cost Recovery Fund for the purpose of taking any of the following actions with respect to underground storage tanks containing petroleum, as defined in the federal act:

- (1) Enforcement activities.
- (2) Corrective action and oversight.
- (3) Cost recovery.
- (4) Relocation of residents and provision of water supplies.
- (5) Exposure assessments.

(d) The board may expend the money in the Leaking Underground Storage Tank Cost Recovery Fund for administrative expenses related to carrying out the activities specified in subdivision (c).

(e) The Controller may expend money in the Leaking Underground Storage Tank Cost Recovery Fund, upon appropriation by the Legislature, for the costs that are incurred on behalf of the Controller for corrective action, as defined in Section 25299.14, at the site located at 622 East Lindsay in the City of Stockton.

(f) After the corrective action at the site specified in subdivision (e) is complete, in accordance with a uniform closure letter issued pursuant to subdivision (g) of Section 25296.10, all unencumbered funds in the Leaking Underground Storage Tank Fund, and all net proceeds from the sale or other disposition of the site made on behalf of the Controller, shall be transferred to the Underground Storage Tank Cleanup Fund.

SEC. 27. Section 53545.12 is added to the Health and Safety Code, to read:

53545.12. For the purposes of the grant program established in Section 53545.13, the following definitions apply:

(a) “Capital improvement project” means the construction, rehabilitation, demolition, relocation, preservation, acquisition, or other physical improvement of a capital asset, as defined in subdivision (a) of Section 16727 of the Government Code, that is an integral part of, or necessary to facilitate the development of, a qualified infill project or qualified infill area. Capital improvement projects that may be funded under the grant program

established by this act include, but are not limited to, those related to all of the following:

(1) The creation, development, or rehabilitation of parks or open space.

(2) Water, sewer, or other utility service improvements.

(3) Streets and roads, parking structures, or transit linkages and facilities, including, but not limited to, related access plazas or pathways, or bus and transit shelters.

(4) Facilities that support pedestrian or bicycle transit.

(5) Traffic mitigation.

(6) Qualifying infill project or qualifying infill area site preparation or demolition.

(7) Sidewalk or streetscape improvements, including, but not limited to, the reconstruction or resurfacing of sidewalks and streets or the installation of lighting, signage, or other related amenities.

(b) “Department” means the Department of Housing and Community Development.

(c) “Eligible applicant” means either, or a combination, of the following:

(1) A nonprofit or for-profit developer of a qualifying infill project.

(2) A city, county, city and county, public housing authority, or redevelopment agency that has jurisdiction over a qualifying infill area.

(d) “Qualifying infill area” means a contiguous area located within an urbanized area (1) that has been previously developed, or where at least 75 percent of the perimeter of the area adjoins parcels that are developed with urban uses, and (2) in which at least one development application has been approved or is pending approval for a residential or mixed-use residential project that meets the definition and criteria in this section for a qualified infill project.

(e) (1) “Qualifying infill project” means a residential or mixed-use residential project located within an urbanized area on a site that has been previously developed, or on a vacant site where at least 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses.

(2) A property is adjoining the side of a project site if the property is separated from the project site only by an improved public right-of-way.

(f) “Urbanized area” means an incorporated city or an urbanized area or urban cluster as defined by the United States Census Bureau. For unincorporated areas outside of an urban area or urban cluster, the area must be within a designated urban service area that is designated in the local general plan for urban development and is served by the public sewer and water.

(g) “Urban uses” mean any residential, commercial, industrial, public institutional, transit or transportation passenger facility, or retail use, or any combination of those uses.

SEC. 28. Section 53545.13 is added to the Health and Safety Code, to read:

53545.13. (a) The Infill Incentive Grant Program of 2007 is hereby established to be administered by the department.

(b) Upon appropriation of funds by the Legislature for the purpose of implementing paragraph (1) of subdivision (b) of Section 53545, the department shall establish and administer a competitive grant program to allocate those funds to selected capital improvement projects that are an integral part of, or necessary to facilitate the development of, a qualifying infill project or a qualifying infill area.

(c) A qualifying infill project or qualifying infill area for which a capital improvement project grant may be awarded shall meet all of the following conditions:

(1) Be located in a city, county, or city and county, in which the general plan of the city, county, or city and county, has an adopted housing element that has been found by the department, pursuant to Section 65585 of the Government Code, to be in compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

(2) Include not less than 15 percent of affordable units, as follows:

(A) For projects that contain both rental and ownership units, units of either or both product types may be included in the calculation of the affordability criteria.

(B) (i) To the extent included in a project grant application, for the purpose of calculating the percentage of affordable units, the department may consider the entire master development in which the development seeking grant funding is included.

(ii) Where applicable, an applicant may include a replacement housing plan to ensure that dwelling units housing persons and families of low or moderate income are not removed from the low and moderate income housing market. Residential units to be replaced may not be counted toward meeting the affordability threshold required for eligibility for funding under this section.

(C) For the purposes of this subdivision, “affordable unit” means a unit that is made available at an affordable rent, as defined in Section 50053, to a household earning no more than 60 percent of the area median income or at an affordable housing cost, as defined in Section 50052.5, to a household earning no more than 120 percent of the area median income. Rental units shall be subject to a recorded covenant that ensures affordability for at least 55 years. Ownership units shall initially be sold to and occupied by a qualified household, and subject to a recorded covenant that includes either a resale restriction for at least 30 years or equity sharing upon resale.

(D) Notwithstanding subparagraph (C), a qualifying infill project or qualifying infill area for which a disposition and development agreement or other project- or area-specific agreement between the developer and the local agency having jurisdiction over the project has been executed on or before the effective date of the act adding this section, shall be deemed to meet the affordability requirement of this paragraph if the agreement includes affordability covenants that subject the project or area to the production of affordable units for very low, low-, or moderate-income households.

(3) Include average residential densities on the parcels to be developed that are equal to or greater than the densities described in subparagraph (B) of paragraph (3) of subdivision (c) of Section 65583.2 of the Government Code, except that a project located in a rural area as defined in Section 50199.21 shall include average residential densities on the parcels to be developed of at least 10 units per acre.

(4) Be located in an area designated for mixed-use or residential development pursuant to one of the following adopted plans:

(A) A general plan adopted pursuant to Section 65300 of the Government Code.

(B) A project area redevelopment plan approved pursuant to Section 33330.

(C) A regional blueprint plan as defined in the California Regional Blueprint Planning Program administered by the Business, Transportation and Housing Agency, or a regional plan as defined in Section 65060.7 of the Government Code.

(5) For qualifying infill projects or qualifying infill areas located in a redevelopment project area, meet the requirements contained in subdivision (a) of Section 33413.

(d) In its review and ranking of applications for the award of capital improvement project grants, the department shall rank the affected qualifying infill projects and qualifying infill areas based on the following priorities:

(1) Project readiness, which shall include all of the following:

(A) A demonstration that the project or area development can complete environmental review and secure necessary entitlements from the local jurisdiction within a reasonable period of time following the submittal of a grant application.

(B) A demonstration that the eligible applicant can secure sufficient funding commitments derived from sources other than this part for the timely development of a qualifying infill project or development of a qualifying infill area.

(C) A demonstration that the project or area development has sufficient local support to achieve the proposed improvement.

(2) The depth and duration of the affordability of the housing proposed for a qualifying infill project or qualifying infill area.

(3) The extent to which the average residential densities on the parcels to be developed exceed the density standards contained in paragraph (3) of subdivision (c).

(4) The qualifying infill project's or qualifying infill area's inclusion of, or proximity or accessibility to, a transit station or major transit stop.

(5) The proximity of housing to parks, employment or retail centers, schools, or social services.

(6) The qualifying infill project or qualifying infill area location's consistency with an adopted regional blueprint plan or other adopted regional growth plan intended to foster efficient land use.

(e) In allocating funds pursuant to this section, the department, to the maximum extent feasible, shall ensure a reasonable geographic distribution of funds.

(f) Funds awarded pursuant to this section shall supplement, not supplant, other available funding.

(g) (1) The department shall adopt guidelines for the operation of the grant program, including guidelines to ensure the tax exempt status of the bonds issued pursuant to this part, and may administer the program under those guidelines.

(2) The guidelines shall include provisions for the reversion of grant awards that are not encumbered within four years of the fiscal year in which an award was made, and for the recapture of grants awarded, but for which development of the related housing units has not progressed in a reasonable period of time from the date of the grant award, as determined by the department.

(3) The guidelines shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Division 3 of Title 2 of the Government Code.

(h) For each fiscal year within the duration of the grant program, the department shall include within the report to the Legislature, required by Section 50408, information on its activities relating to the grant program. The report shall include, but is not limited to, the following information:

(1) A summary of the projects that received grants under the program for each fiscal year that grants were awarded.

(2) The description, location, and estimated date of completion for each project that received a grant award under the program.

(3) An update on the status of each project that received a grant award under the program, and the number of housing units created or facilitated by the program.

SEC. 29. Section 53545.14 is added to the Health and Safety Code, to read:

53545.14. (a) Upon appropriation of funds by the Legislature for purposes of implementing paragraph (2) of subdivision (b) of Section 53545, the California Pollution Control Financing Authority, in consultation with the Department of Housing and Community Development, shall administer loans or grants under the California Recycle Underutilized Sites (CALReUSE) program established under Article 9 (commencing with Section 8090) of Division 11 of Title 4 of the California Code of Regulations, for the purpose of brownfield cleanup that promotes infill residential and mixed-used development, consistent with regional and local land use plans.

(b) For each fiscal year covering the duration of the program, the authority shall include within its report to the Legislature, pursuant to Section 44525.7, information on its activities relating to the program. At a minimum, the report shall include a summary of the projects that receive loans or grants pursuant to this section for each fiscal year loans or grants are awarded. The report shall include the description, location and estimation of completion for each recipient project. The report shall also include an update on the status of each project and the number of infill housing units facilitated by the program.

SEC. 30. Section 7314 of the Labor Code is amended to read:

7314. (a) The division may fix and collect fees for the inspection of conveyances as it deems necessary to cover the actual costs of having the inspection performed by a division safety engineer, including administrative costs, and the costs related to regulatory development as required by Section 7323. An additional fee may, in the discretion of the division, be charged for necessary subsequent inspections to determine if applicable safety orders have been complied with. The division may fix and collect fees for field consultations regarding conveyances as it deems necessary to cover the actual costs of the time spent in the consultation by a division safety engineer, including administrative and travel expenses.

(b) Notwithstanding Section 6103 of the Government Code, the division may collect the fees authorized by subdivision (a) from the state or any county, city, district, or other political subdivision.

(c) Whenever a person owning or having the custody, management, or operation of a conveyance fails to pay the fees required under this chapter within 60 days after the date of notification, he or she shall pay, in addition to the fees required under this chapter, a penalty fee equal to 100 percent of the fee. Failure to pay fees within 60 days after the date of notification constitutes cause for the division to prohibit use of the conveyance.

(d) Any fees required pursuant to this section shall be set forth in regulations that shall be adopted as emergency regulations. These emergency regulations shall not be subject to the review and approval of the Office of Administrative Law pursuant to the provisions of the Administrative Procedure Act provided for in Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. These regulations shall

become effective immediately upon filing with the Secretary of State.

(e) For purposes of this section, the date of the invoice assessing a fee pursuant to this section shall be considered the date of notification.

SEC. 31. Section 7350 of the Labor Code is amended to read:

7350. (a) The division may fix and collect fees for the inspection of aerial passenger tramways as it deems necessary to cover the actual cost of having the inspection performed by a division safety engineer. The division may not charge for inspections performed by certified insurance inspectors, but may charge a fee of not more than ten dollars (\$10) to cover the cost of processing the permit when issued by the division as a result of the inspection. Notwithstanding Section 6103 of the Government Code, the division may collect the fees authorized by this section from the state or any county, city, district, or other political subdivision.

(b) Whenever a person owning or having custody, management, or operation of an aerial passenger tramway fails to pay any fee required under this chapter within 60 days after the date of notification by the division, the division shall assess a penalty fee equal to 100 percent of the initial fee. For purposes of this section, the date of the invoice fixing the fee shall be considered the date of notification.

SEC. 32. Section 7352 of the Labor Code is amended to read:

7352. All fees collected by the division under this chapter shall be deposited into the Elevator Safety Account to support the division's aerial passenger tramway inspection program.

SEC. 33. Section 7904 of the Labor Code is amended to read:

7904. (a) The division may fix and collect fees for the inspection of amusement rides that it deems necessary to cover the actual cost of having the inspection performed by a division safety engineer. The division may not charge for inspections performed by certified insurance inspectors or an inspector for a public entity, but may charge a fee of not more than ten dollars (\$10) to cover the cost of processing the permit when issued by the division as a result of the inspection. All fees collected by the division under this section shall be deposited into the Elevator Safety Account to support the division's portable amusement ride inspection program.

(b) The division shall annually prepare and submit to the Division of Fairs and Expositions within the Department of Food and Agriculture, a report summarizing all inspections of amusement rides and accidents occurring on amusement rides. This annual report shall also contain all route location information submitted to the division by permit applicants.

SEC. 34. Section 7929 of the Labor Code is amended to read:

7929. (a) The division may fix and collect all fees necessary to cover the cost of administering this part. Fees shall be charged to a person or entity receiving the division's services as provided by this part or by regulations adopted pursuant to this part, including, but not limited to, approvals, determinations, certifications and recertifications, receipt and review of certificates, and inspections. In fixing the amount of these fees, the division may include a reasonable percentage attributable to the general cost of the division for administering this part. Notwithstanding Section 6103 of the Government Code, the division may collect these fees from the state or any county, city, district, or other political subdivision.

(b) Effective June 30, 2007, all fees collected pursuant to this section shall be deposited into the Elevator Safety Account to support the Permanent Amusement Ride Safety Inspection Program. All moneys in the Permanent Amusement Ride Safety Inspection Fund as of that date shall be transferred to the Elevator Safety Account to be used for the same purpose, and any outstanding liabilities and encumbrances of the fund shall become liabilities and encumbrances payable from the Elevator Safety Account.

SEC. 35. Section 7929.5 of the Labor Code is amended to read:

7929.5. (a) The Permanent Amusement Ride Inspection Fund is hereby created as a special account in the State Treasury. Proceeds of the fund may be expended by the Department of Industrial Relations, upon appropriation by the Legislature, for the costs of the Permanent Amusement Ride Inspection Program established pursuant to Part 8.1 (commencing with Section 7920) of Division 5 of the Labor Code, and shall not be used for any other purpose.

(b) The fund shall consist of the fees collected pursuant to Section 7929.

(c) This section shall become inoperative on June 30, 2007, and, as of January 1, 2008, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2008, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 36. Section 13823.17 of the Penal Code is amended to read:

13823.17. (a) The Legislature finds the problem of domestic violence in the gay, lesbian, bisexual, and transgender community to be of serious and increasing magnitude. The Legislature also finds that existing domestic violence services for this population are underfunded and that members of this population are unserved or underserved in the state. Therefore, it is the intent of the Legislature that a goal or purpose of the Office of Emergency Services (OES) shall be to increase access to culturally appropriate domestic violence education, prevention, and services for the gay, lesbian, bisexual, and transgender community.

(b) The goal of this section is to establish a targeted or directed grant program for the development and support of domestic violence programs and services for the gay, lesbian, bisexual, and transgender community. The OES shall use funds from the Equality in Prevention and Services for Domestic Abuse Fund to award up to four grants annually to qualifying organizations, with at least one in southern California and one in northern California, to fund domestic violence programs and services including, but not limited to, all of the following:

- (1) Twenty-four-hour crisis hotlines.
 - (2) Counseling.
 - (3) Court and social service advocacy.
 - (4) Legal assistance with temporary restraining orders, devices, and custody disputes.
 - (5) Community resource and referral.
 - (6) Household establishment assistance.
 - (7) Emergency housing.
 - (8) Educational workshops and publications.
- (c) Each grant shall be awarded for a three-year term for the purposes of this section.

(d) In order to qualify for a grant award under this section, the recipient shall be a California nonprofit organization with a demonstrated history of working in the area of domestic violence

education and prevention and serving the lesbian, gay, bisexual, and transgender community.

(e) The funding process for distributing grant awards to qualifying organizations shall be administered by the OES as follows:

(1) Grants that were not funded in the previous cycle shall be awarded to qualifying organizations as a result of a competitive request for proposal (RFP) process. The RFP process shall comply with all applicable state and federal statutes and to the extent possible, the response to the RFP shall not exceed 15 narrative pages, excluding attachments.

(2) The following criteria shall be used to evaluate grant proposals:

(A) Whether the proposed program or services would further the purpose of promoting healthy, nonviolent relationships in the lesbian, gay, bisexual and transgender community.

(B) Whether the proposed program or services would reach a significant number of people in and have the support of the lesbian, gay, bisexual, and transgender community.

(C) Whether the proposed program or services are grounded in a firm understanding of domestic violence and represent an innovative approach to addressing the issue.

(D) Whether the proposed program or services would reach unique and underserved sectors of the lesbian, gay, bisexual, and transgender community, such as youth, people of color, immigrants, and transgender persons.

(3) Grant funds shall not be used to support any of the following:

(A) Scholarships.

(B) Awards to individuals.

(C) Out-of-state travel.

(D) Projects that are substantially completed before the anticipated date of the grant award.

(E) Fundraising activities.

(4) Organizations reapplying for grants shall not be subject to a competitive grant process, but shall be subject to a request for application (RFA) process. The RFA process shall consist in part of an assessment of the past performance history of the organization in relation to the standards established by this section. The response to the RFA shall not exceed 10 narrative pages, excluding attachments.

(5) Any organization funded through this program in the previous grant cycle shall be funded upon reapplication, unless, pursuant to the assessment required under the RFA process, its past performance history fails to meet the standards established by this section.

(f) Grant recipients may seek, receive, and make use of any funds which may be available from all public and private sources to augment any funds received pursuant to this section.

(g) The OES may adopt rules as necessary to implement the grant program created under this section.

(h) The OES may hire the support staff and utilize all resources necessary to carry out the purposes of this section.

(i) For purposes of this section, “domestic violence” means the infliction or threat of physical harm against past or present adult or adolescent intimate partners, including physical, sexual, and psychological abuse against the person, and is a part of a pattern of assaultive, coercive, and controlling behaviors directed at achieving compliance from or control over that person.

SEC. 37. As of June 30, 2007, or upon enactment of this act, whichever is later, the Agricultural Pest Control Research Account in the Department of Food and Agriculture Fund is abolished and all moneys in the account shall be transferred to the Transportation Planning and Development Account in the State Transportation Fund. As of that date, any outstanding liabilities and encumbrances of the Agricultural Pest Control Research Account shall become payable from the Transportation Planning and Development Account.

SEC. 38. It is the intent of the Legislature that appropriations for the expenditure of funds deposited in the Regional Planning, Housing, and Infill Incentive Account established under subdivision (b) of Section 53545 of the Health and Safety Code be made to achieve the following policy objectives:

(a) To encourage the development of high density infill housing and mixed-use development for all levels of income at locations near job centers and transit stations, thereby reducing vehicle trips, commute times, vehicle miles traveled, and vehicle emissions.

(b) To invest in established, urban neighborhoods by producing new housing and improving related neighborhood infrastructure, such as city streets, parks, and sewer and utility hookups, cleaning

up brownfield sites, and furthering other similar or related purposes.

(c) To provide sustainable communities and affordable housing.

(d) To protect the state's rich agricultural farmland, open spaces, and sensitive habitat.

(e) To promote the reuse and recycling of previously developed and passed over land in urban areas, with a focus on environmentally distressed properties, or what are more commonly known as brownfields.

(f) To reward projects that are consistent with regional and local planning processes and accomplish any of the following:

(1) Improve mobility and reduce dependency on single-occupant vehicle trips.

(2) Accommodate an adequate supply of housing for all income levels.

(3) Reduce impacts on valuable habitat, productive farmland, and air quality.

(4) Conserve resources such as energy and water.

(5) Revitalize existing neighborhoods.

SEC. 39. Of the amount appropriated in Item 2240-101-6069 of Section 2.00 of the Budget Act of 2007, the following allocations shall be made as follows:

(a) Two hundred-forty million dollars (\$240,000,000), shall be made available in the 2007–08 fiscal year for the grant program established in Section 53545.13 of the Health and Safety Code, as added by Section 28 of this act.

(b) Sixty million dollars (\$60,000,000), shall be made available in the 2007–08 fiscal year for the loan and grant program established in Section 53545.14 of the Health and Safety Code, as added by Section 29 of this act.

SEC. 40. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 41. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to make the necessary statutory changes to implement the Budget Act of 2007 at the earliest possible time, it is necessary that this act take effect immediately.

Approved _____, 2007

Governor